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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

IN RE COLLEGE ATHLETE NIL
LITIGATION

Case No.: 4:20-cv-3919-CW

**AMENDED [PROPOSED] ORDER
REGARDING THIRD-PARTY
CLAIMS BUYOUT SERVICES
(ECF NO. 1028)**

Judge: Hon. Claudia Wilken

1 This matter comes before the Court on Plaintiffs' Renewed Motion for a
2 Prospective Order Concerning Third-Party Claims Buyout Services ("Motion").
3 Upon consideration of the foregoing Motion, the papers submitted in support and
4 opposition thereto, and good cause appearing,

5 IT IS HEREBY ORDERED AND DECREED as follows:

6 1. All Third-Party Claim Buyers seeking to purchase Class Members'
7 settlement claims should be required to fully disclose the potential tax implications of
8 the settlement distributions to Class Members prior to signing any contract related to
9 the claims in this Settlement. The following disclosure should be provided at least
10 twice, with one being included in the initial solicitation or marketing materials and
11 the other with any sale or transaction agreement:

12 **WARNING ABOUT POTENTIAL TAX CONSEQUENCES**

13 You should seek advice from a registered tax preparer or competent tax
14 advisor about your tax obligations for any payments that you are entitled
15 to receive under the Settlement. However, the Court overseeing the
Settlement has directed us to provide the following disclosure:

16 **THE TAX CONSEQUENCES OF ANY AGREEMENT YOU SIGN**
17 **REGARDING YOUR CLAIM MAY VARY DEPENDING ON THE**
18 **SPECIFIC TERMS OF THAT AGREEMENT. WITH CERTAIN**
19 **TRANSACTION STRUCTURES, YOU MAY BE REQUIRED TO**
20 **PAY INCOME TAXES ON THE *FULL* AMOUNT OF THE**
21 **PAYMENTS THAT YOU ARE ENTITLED TO UNDER THE**
22 **SETTLEMENT (EVEN IF THE RESULTING TAX LIABILITY**
EXCEEDS THE AMOUNT YOU RECEIVED UNDER THE
AGREEMENT).

23 **A TRANSACTION STRUCTURED AS AN OUTRIGHT OR**
24 **"TRUE" SALE MAY REMOVE FUTURE SETTLEMENT**
25 **PAYMENTS FROM YOUR GROSS INCOME FOR FEDERAL**
26 **AND STATE INCOME TAX PURPOSES, IN WHICH CASE YOU**
27 **WOULD INSTEAD LIKELY PAY TAX ON THE PURCHASE**
28 **PRICE YOU RECEIVE. AS A RESULT OF A SALE, YOU**
WOULD ALSO BE FORFEITING ANY AND ALL RIGHTS TO
RECEIVE ADDITIONAL INCOME OR FUTURE PAYMENTS

1 **UNDER THE FOURTH AMENDED STIPULATION AND**
2 **SETTLEMENT AGREEMENT, IN RE: COLLEGE ATHLETE NIL**
3 **LITIGATION, NO. 4:20-CV-03919 (THE “SETTLEMENT**
4 **AGREEMENT”). YOU SHOULD CONSULT WITH A**
5 **COMPETENT TAX ADVISOR REGARDING THE SPECIFIC**
6 **TAX CONSEQUENCES OF YOUR PARTICULAR AGREEMENT**
7 **BEFORE SIGNING THE AGREEMENT.**

8 Additional information, including information about the potential tax
9 consequences of selling your right to receive settlement payments, may
10 be found on the Settlement website at: [LINK TO FAQ WITH THIS
11 INFO]

12 2. Class Counsel and the Claims Administrator will continue to monitor
13 Third-Party Claim Buyers to ensure that they comply with any Order of the
14 Court and will provide any such entities that contact Class Counsel or the
15 Claims Administrator with this Order.

16 3. Class Counsel shall update the settlement website with an FAQ
17 regarding the potential tax implications of payments from third-party claims
18 buying entities.

19 4. The QSF shall not provide direct disbursements of settlement funds to
20 non-Class Members except to Third-Party Claim Buyers that have completed
21 outright purchases of claims from Class Members and those purchases are
22 completed prior to the exhaustion of any appeals in the case.

23 5. With respect to outright sales of claims that are completed prior to the
24 exhaustion of any appeals, all Third-Party Claim Buyers wishing to obtain
25 direct disbursements from the QSF shall be required to promptly notify the
26 QSF in writing within 15 days of closing the sales transaction or, for existing
27 claim sales, within 15 days of the date of this Order, of both the sale and the
28 identity of the Third-Party Claim Buyer of the claim by sending an email to the
claims administrator and provide the QSF with (i) a copy of a true bill of sale

1 and (ii) a signed indemnification form. That indemnification form shall use the
2 following language:

3 4 INDEMNIFICATION OF TAX LIABILITIES

5
6 Purchaser hereby represents for the benefit of Verita Global LCC that
7 this Bill of Sale was entered into with full transparency, complete
8 disclosure, and without any misleading statements, coercion, or material
9 omissions from or by Purchaser to Seller. Purchaser further assumes full
10 responsibility for determining the eligibility of the Seller as a class
11 member and bears the risk of, and sole responsibility for, ensuring that it
12 is legally entitled to receive any payment from the Settlement Funds,
13 including with respect to confirming that no laws, regulations, court
14 orders, or other lienholders or payees have a superior or conflicting
claim to the same funds or otherwise restrict or limit a third party's
eligibility to receive payment. Purchaser further acknowledges that
Verita Global LLC shall have no responsibility for the evaluation of
competing claims or priorities among lienholders or other third parties.

15
16 Purchaser hereby also agrees to indemnify and hold Verita Global LLC,
17 the Qualified Settlement Fund (the "Fund") and any and all of its
18 respective [directors, managers, employees, and controlling persons]
19 (each, "Indemnified Party") harmless from and against and agrees to
20 defend, and will pay to each Indemnified Party the amount of, any and
21 all losses (including attorneys' fees) awarded against or incurred or
22 suffered by such Indemnified Party, whether or not involving a third-
23 party claim, demand, action or proceeding, arising out of any and all
24 claims, demands, obligations, losses, liabilities, damages, costs and
25 expenses (including U.S. federal taxes, state and local income taxes,
26 withholding taxes, and any interest or penalties) which the Indemnified
27 Party may suffer as a result of any claims, liabilities or charges asserted
28 against it by the Internal Revenue Service (the "IRS") or any state or
local tax authority with respect to the filing and reporting (or failing to
file and report) any returns or reports relating to the sale of the
claim pursuant to this Bill of Sale, and any subsequent payments,
required by the IRS or any state and local tax authority with respect
thereto.

1 If any claim, demand, action or proceeding (including any investigation
2 by any governmental authority) shall be brought or alleged against an
3 Indemnified Party in respect of which indemnity is to be sought pursuant
4 to this Bill of Sale, the Indemnified Party shall, as soon as reasonably
5 practicable after receipt of notice of the commencement of any such
6 claim, demand, action or proceeding, notify Purchaser in writing of the
7 commencement of such claim, demand, action or proceeding, enclosing
a copy of all papers served, if any; provided, that the omission to so
notify Purchaser will not relieve Purchaser from any liability that it may
have to the Indemnified Party under this Bill of Sale.

8
9 **IT IS SO ORDERED.**

10
11 DATED: _____

HONORABLE CLAUDIA WILKEN
UNITED STATES DISTRICT JUDGE